

## **Historic, Archive Document**

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LOANS ON DRY EDIBLE PEAS

Reserve

- I. Commodity Credit Corporation has authorized the making of loans on dry edible smooth peas which are stored in approved warehouses or on farms in approved storage structures. The program will be administered locally by State and County Agricultural Conservation Committees.

A. Eligible Peas

Eligible peas shall be of the classes Alaska, Bluebell, Scotch Green, First and Best, Marrowfat, and White Canada, produced in 1944 by an eligible producer, which grade U. S. No. 2 or better. Thresher-run peas of the same classes will also be eligible except that thresher-run peas containing more than the maximum limits of bleached and other classes permitted under U. S. No. 2 will not be eligible.

B. Eligible Producer

An eligible producer shall be any person, partnership, or corporation, producing dry edible smooth peas in 1944.

C. Type of Loans

Loans will be made on peas stored in warehouses provided warehouse charges are prepaid through April 30, 1945. Warehouse loans will be made on a note-and-loan-agreement basis. Loans on warehouse-stored peas may be satisfied by repayment of the amount of the loan plus accrued interest, or by surrender of the warehouse receipts to CCC.

- I. Loans made on peas stored on farms in acceptable storage structures will be made on a note-and-chattel-mortgage basis, and consent for storage until July 1, 1945 will be required. Farm-stored loans may be satisfied by repayment of the amount of the loan plus accrued interest, or by delivery of the collateral to CCC at an assembly point specified by CCC.

D. Loan Rates

The loan rates shall be as follows:

U. S. No. 1 .....	\$4.50 per 100 lbs
U. S. No. 2.....	\$4.25 " " "

Thresher-run peas (on net weight of sound whole peas plus split peas and cracked seed coats not in excess of the amount permitted in U. S. No. 2).....\$4.00 " " "

E. Determination of Quantity of Peas Stored on the Farm

Loans shall be made in values expressed in cents per 100 pounds. The quantity of bulk peas which grade U. S. No. 1 or U. S. No. 2, and which are stored in bins on farms, shall be determined by dividing the number of cubic feet in the bin by 2.1 to determine the number of 100-pound units. On

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thresher-run peas the number of cubic feet shall be divided by 2.1 and the result multiplied by .95. If the amount of dockage is excessive, the quantity of peas shall be reduced in an amount determined by the county committee.

In the event peas are stored in sacks on the farm, they shall be sampled and weighed. The estimated tare weight of the sacks shall be subtracted from the total weight, and in the case of thresher-run peas the result shall be multiplied by .95.

#### F. Eligible Storage

Eligible storage shall include public warehouses and farm storage meeting the following respective requirements:

- (a) Public warehouses must meet the requirements of CCC and must have executed the Uniform Grain Storage Agreement. Such warehouses may be situated either at terminal, subterminal, or country points.
- (b) Farm storage shall consist of farm bins and granaries which are of such substantial and permanent construction as determined by County Agricultural Conservation Committees as to afford safe storage for the peas for a period of one year and permit effective fumigation for the destruction of insects and afford protection against animals, thieves, and weather.

Peas shall have been stored for a sufficient time to insure safe storage prior to inspection for measurement, sampling, and sealing. Chattel Mortgages must be executed and filed, in accordance with the applicable State Law. Where the borrower is a tenant, the expiration date of the lease must be given in the Chattel Mortgage, and if such date is prior to July 1, 1945 the landlord must execute the Consent for Storage in the chattel mortgage. The Consent for Storage Agreement must also be executed by any other person or persons entitled to possession prior to July 1, 1945. A separate note and chattel mortgage must be submitted for peas stored on each quarter section of land.

#### G. Liens

The loan collateral must be free and clear of all liens, or, if liens exist on the collateral, proper waivers must be secured from each lien holder. The names of the holders of all existing liens on the pledged or mortgaged peas, such as landlord, laborers, threshers, or mortgage, must be listed in the space provided in the chattel mortgage. The waiver and consent to mortgage the peas, the payment of the proceeds of the loan, the proceeds of the sale of the peas solely to the producer as contained in the chattel mortgage, must be signed personally by all lien holders listed, or by their duly authorized agents; or, if a corporation, by an officer authorized to execute such instruments. The proceeds of the loan may be made payable to the producer and/or such other person as the producer may direct in the space provided on the note. County Committees should be sure that peas offered as collateral for a loan are not covered by previous real estate or other mortgages. The producer shall be held personally liable for the amount of the loan and subject to the provisions of the United States Criminal Code for any fraudulent representation of fact made in the



execution of the note and chattel mortgage.

H. Maturity and Interest Rate

Loans will be available through December 31, 1944 and will mature on demand but in no event later than April 30, 1945. All loans will bear interest at the rate of 3 percent per annum.

I. Source of Loans

Loans may be obtained through regional offices of the Office of Distribution or any approved lending agency. Notes representing loans made through the Office of Distribution should indicate Commodity Credit Corporation as payee, and show the address of the appropriate regional office of the Office of Distribution, and should be mailed to the Finance Office of the Office of Distribution serving the area. Notes representing loans made with other agencies should bear the name and address of the lending agency as payee.

J. Lending Agencies

A lending agency is any bank, cooperative marketing association, or other corporation, partnership, or person making loans in accordance with these instructions which has executed the Contract to Purchase on 1940 CCC Form E, and which Contract to Purchase is in full effect and on file with a regional office of Commodity Credit Corporation and of CCC(CD). Any Contract to Purchase filed with a regional office of CCC shall have full effect with respect to loans on dry edible smooth peas.

K. Eligible Paper

For the purpose of the Contract to Purchase, eligible paper shall consist of producers' notes secured by chattel mortgages for peas stored on the farm. Notes must be dated on, or subsequent to, August 1, 1944 and prior to January 1, 1945, and must be executed in accordance with these instructions, with State documentary revenue stamps affixed thereto where required by law. Notes executed by an administrator, executor, or trustee will be acceptable only where valid in law.

L. Purchase of Eligible Paper

Commodity Credit Corporation will purchase, without recourse, notes evidencing loans from approved lending agencies. Notes held by lending agencies must be tendered to CCC for immediate or deferred purchase within 10 days of written request. The purchase price to be paid by CCC will be the outstanding face amount of such notes, plus accrued interest from the date of disbursement by the lending agency to the date of the payment of the purchase price at the rate of  $1\frac{1}{2}$  percent per annum.

Under the terms of the Contract to Purchase, lending agencies are required to report immediately on 1940 CCC Form F all repayments or collections on producers' notes held by them and to remit, with such report to CCC, an amount equivalent to  $1\frac{1}{2}$  percent per annum on the principal amount collected from the date of disbursement by the lending

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agency to the date of repayment. All notes, reports, and remittances, with respect to loans on dry edible smooth peas, shall be sent to the appropriate Regional Finance Office of the Office of Distribution.

M. Insurance.

Commodity Credit Corporation will not require producers to insure peas placed under loan. In case of a total loss of collateral resulting from an external cause, with the exception of a loss caused by conversion, negligence or vermin, CCC will mark the note "Paid" and return it to the borrower. In case of a partial loss of collateral resulting from an external cause, with the exception of a loss caused by conversion, negligence, or vermin, the note will be credited at the loan value plus interest for the number of pounds on which the loss occurred. No loss will be assumed if it is determined that there is fraudulent representation on the part of the borrower in connection with the loan.

N. County Agricultural Conservation Committees

Loan forms will be furnished County Agricultural Conservation Committees, and copies for the purposes of information may be obtained from such committees or from the regional office of the Office of Distribution. Pursuant to regulations issued by the War Food Administration, State and County committees will determine or cause to be determined the quantity and grade of the pea collateral and the amount of the loan. All loan documents will be completed and approved by the county committee, which will retain copies of all documents; provided, however, that the county committee may formally designate certain employees of the county association to execute such forms on behalf of the committee. In order to meet the cost of local expenses, County Agricultural Conservation Committees will collect a service fee for all loans.

O. Release of Collateral

A producer may obtain release of the collateral by paying to the lending agency or Commodity Credit Corporation (whichever holds the note) the principal amount of the note plus interest. If the note is held by an out-of-town lending agency or CCC, the producer may request that the note be forwarded to local bank for collection. In such cases the local bank should be instructed to return the note to the sender if payment is not effected within 15 days. All charges in connection with the collection of the note shall be paid by the producer. Upon repayment of a loan the County Agricultural Conservation Committee should be requested to release the mortgage by filing an instrument of release or by a margin release on the county records. On notes held by CCC, all repayments or requests for return of notes for collection shall be sent to the appropriate Regional Finance Office of the Office of Distribution.

